Budget Review Meeting
June 15, 2010

Indy Stat

Accountability in Action for the City of Indianapolis

Marion County Assessor Greg Bowes

IndyStat

Marion County Assessor

■2009 Accomplishments:
  □Completed three annual assessments in 2009
    ■On time billing for 2009 pay 2010
  □New Computer System
  □Assessor Consolidation

Marion County Assessor

- **2010 Challenges:**
  - ☐ Completion of 2010 pay 2011 AV
  - ☐ Begin 2012 pay 2013 reassessment
  - ☐ 2011 Budget
  - ☐ Resolution of Appeals

Marion County Assessor

- **2010 pay 2011 Assessments:**
  - Annual Adjustments nearly complete
  - Goal: Certify AV to Auditor by 7/1/2010
    - Effect: Rate known in budget

Marion County Assessor

■ 2012 pay 2013 reassessment:
  □ Statutorily required
  □ Begins 7/1/10; lasts 18 mos.
  □ Physically inspect all buildings
  □ Ensures better assessments

Marion County Assessor

- **2011 Budget:**
  - ☐ Attempting to stay at 2010 level
  - ☐ Reassessment fund issues
  - ☐ Need for resources for appeals

Marion County Assessor

- **Resolution of Appeals**
  - 22,048 filed for 2006 pay 2007
  - 10,937 (or 50%) finalized
  - All but 5,871 in process
  - 12,690 filed for 2007 pay 2008
  - 1,001 (or 8%) finalized
  - 11,381 filed for 2008 pay 2009
  - 618 (or 5%) finalized

Marion County Assessor

- **Resolution of Appeals**
  - ☐ 2,608 open 2006 appeals are in the 2007 and 2008 counts
  - ☐ Approx. 8,250 filed for 2009 pay 2010
  - ☐ Fewer still expected for 2010 pay 2011

Marion County Assessor

- Appeal Issues:
  - Budget pressure from refunds
  - Future budget relief from fewer appeals

Marion County Assessor

2010 Marion County Assessor Budget

- Personal Services   6,103,065
- Supplies   57,872
- Professional Services   1,639,883
- Capital   10,000
- **Total:**   **7,810,820**

Authorized FTEs: 126.9
Currently filled: 121.0

ERP
Enterprise Resource Planning

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Accountability in Action for the City of Indianapolis

Agenda

- What is ERP?
- Guiding Principles
- Governance Structure
- Implementation Strategy & Scope
- Modules, Tools and Phased Approach
- Project Cost Components
- Total 5 Year Implementation Costs
- Benefits Analysis / Current Challenges
- Tangible and Intangible Benefits
- 5 Year Return on Investment Analysis
- Current Activities
- Questions

What is ERP?

ERP = "Enterprise Resource Planning" . . . a comprehensive, fully-integrated computer software solution to replace City/County's current legacy business systems.

An ERP system is commercially available software that will be used to perform City/County's administrative business functions such as financial accounting, procurement, human resources, payroll, time and attendance, budget management, asset management and other tasks using a common data repository.

To read more of the executive summary please visit:
http://www.indy.gov/ERP
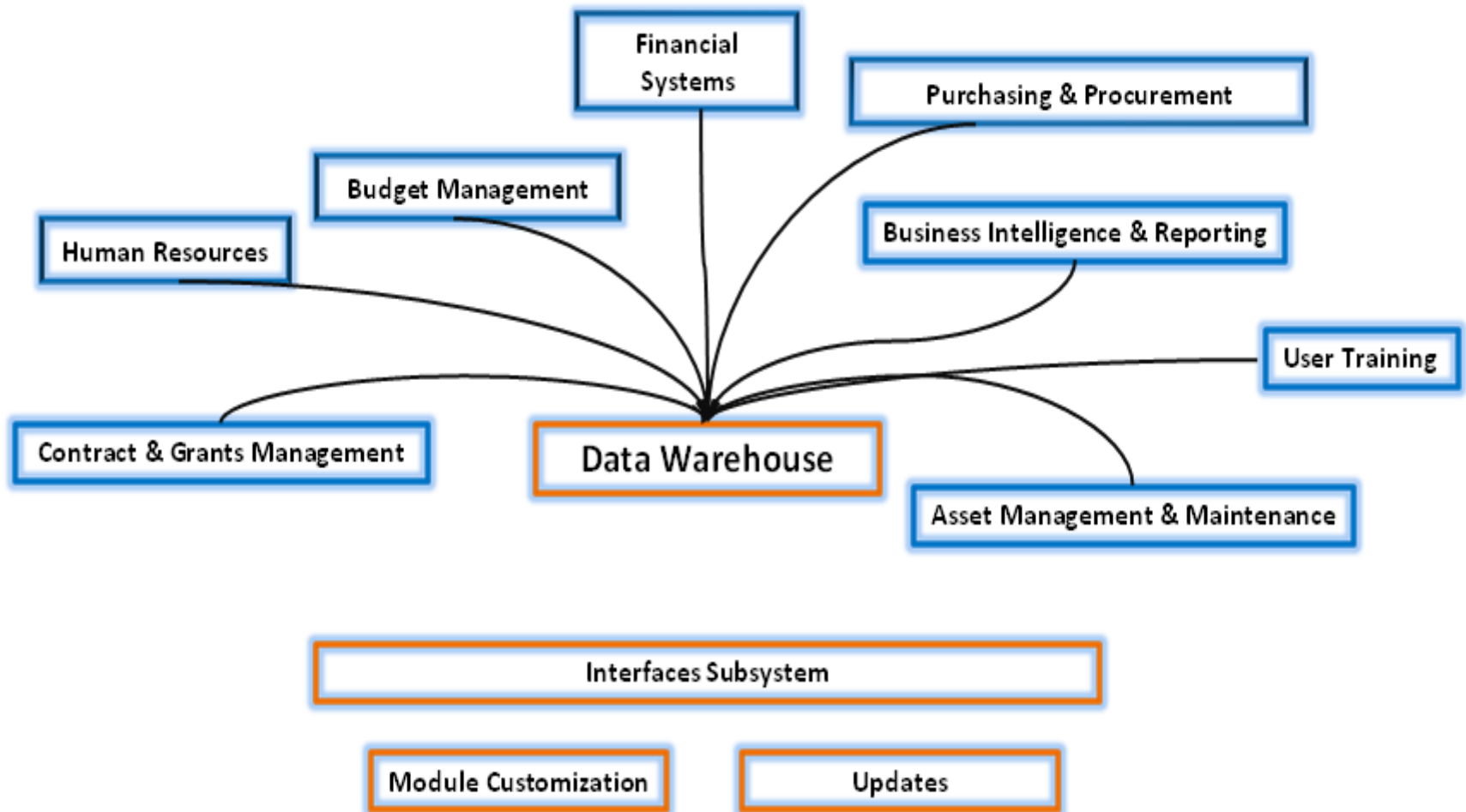
Guiding Principles

1. The ERP Initiative is a "Government" ***process improvement project*** which is supported by technology. It is not a technology project.

2. Each agency and department must take ownership for engaging unselfishly in the success of the project to maximize enterprise-wide improvement.

3. The consolidation of accounting/financial and human resources functions is key to the success of the ERP system. The implementation must result in integrated systems that coordinate the activities of all of city/county government.

4. The ERP system of choice will be consistent with strategic plans of the government, providing the benefits expected by the stakeholders.

5. Our primary goal is to select and implement a robust ERP product which can be timely implemented within all outlined constraints, and which provides the government with data systems which are continually viable as technology advances.

Governance Structure

IT Board

Michael Rodman   David Reynolds
Beth White   Judge Bill Young
Greg Bowes   Emil Daggy
Gary Coons   Jennifer Ruby
Julie Phealon

Executive Committee

David Reynolds (Controller)
Billie Breaux (Auditor)
Michael Rodman (Treasurer)
Bob Altice (Presiding Judge)
Glen Baker (CIO)

Steering Committee

Aaron Hood   Kevin Ortell
Shirley Mizen   Jeff Fuller
Manny Mendez   Chuck White
Tom Creasser   Doug King
Glen Lawrence

Internal Evaluation Teams

Solution and Tools
Implementer
Hosting

Internal Advisors

April Schulthesis
Spencer Goodson (OCC)
Carol Metz (Purchasing)

Implementation Strategy

- Focus on business transformation, not technology

- Maintain City/County-wide collaboration and partnership

- Continuously and aggressively manage change

- Maximize process enhancement and minimize software enhancements

- Implement in phases to drive early benefits

- Dedicate our most experienced and talented resources

- Consider time to be our enemy

Implementation Scope

- Implement Peoplesoft solutions for HCM, finance and productivity

- Partner with Zanett for implementation services
  - Oracle Consulting (25%)
  - Local MWV/BE Consulting (27%)
  - Zanett Consulting Services (48%)

- Partner with Zanett for implementation hosting services

Implementation Modules and Tools

- ## Human Capital Management Applications

Core Human Resources	Benefits Administration
Payroll	Manager and Employee Self Service
Time and Labor	Human Resource Analytics
Learning Management	Pension Administration

- ## Financial Applications

General Ledger	Accounts Payable	Billing
Accounts Receivable	Procurement	Budgeting
Asset Management	Grants Management	Treasury
Cash Management	Finance Analytics	

- ## Productivity and Integration Tools

Business Intelligence	User Productivity Kit	Analytics
Planning	Integration	

Phased Implementation Approach

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	2010							2011												2012											
Sub-Projects	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Blue Print Development																															
Unified COA and Vendors																															
Enterprise Portal																															
HCM Phase 1																															
Base HR, Benefits and Pension																															
Payroll																															
Financials Phase 1 (G/L, A/P, PO)																															
HCM Phase 2																															
Benefits Admin, eBenefits																															
Help Desk, Absence Trkg,																															
eCompensation and Time and Labor																															
Self Service (Profile & eProfile Mgr)																															
Phase 1 - Budgeting and Planning - Hyperion																															
Financials Phase 2																															
A/R, Billing, Ebill Pay, Costing																															
Grant Mgmt, Contracts, Asset Mgmt, Cash Mgmt																															
Additional Modules																															
Performance and Learning Mgmt																															
eSupplier, Strategic Sourcing, Supplier Contract																															
Deal Management, Risk Management, Expenses																															

Project Cost Components

- **Infrastructure – Hardware, Software & Tools**
    - PeopleSoft Solution & Tools
    - Project Hardware, Network, Software, Forms and Supplies
    - PeopleSoft Software Maintenance
    - Infrastructure Hosting and Disaster Recovery
    - Additional Long-Term Infrastructure Capacity
- **External Implementation Services**
    - Zanett and Partner Implementation Services
    - External Consultant Team (BCforward, GFOA, Others)
    - Functional Managed Services During Implementation
- **Internal Implementation Services**
    - Project Team Training
    - Internal Functional and Technical Team

One – Time
One-Time & Recurring

Total 5 Year Implementation Costs

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ERP Costs		2010	2011	2012	2013	2014	Total
1	Oracle Peoplesoft ERP Software and Integration Tools	$420,000	$840,000	$840,000	$0	$0	$2,100,000
2	Oracle Peoplesoft Software Maintenance	$462,000	$462,000	$462,000	$462,000	$462,000	$2,310,000
3	Implementation Consulting Services	$1,833,100	$3,095,100	$2,591,800	$0	$0	$7,520,000
4	Internal Technical and Functional Team Members	$372,706	$635,708	$635,708	$475,000	$475,000	$2,594,122
5	External Consultant Team Members	$477,500	$650,000	$500,000	$0	$0	$1,627,500
6	ERP Specific Hardware, Network, Software, Forms, Supplies,	$65,000	$130,000	$110,000	$0	$0	$305,000
7	Functional Managed Services	$0	$120,000	$120,000	$0	$0	$240,000
8	Infrastructure Hosting and Disaster Recovery	$199,800	$389,400	$405,600	$375,000	$375,000	$1,744,800
9	Internal Infrastructure Upgrades	$0	$0	$0	$100,000	$100,000	$200,000
10	External Project Team Training	$100,000	$50,000	$30,000	$0	$0	$180,000
11	Total ERP Costs	$3,930,106	$6,372,208	$5,695,108	$1,412,000	$1,412,000	$18,821,422

Benefit Analysis

- Internal Premis ERP study from 2007

- ERP research from Gartner

- Other Miscellaneous ERP studies – i.e. universities

- 2009 Broward County ERP benefit study

- Identified potential intangible benefits

- Projected conservative tangible benefits

Current Challenges

Premis Study

1970s Financial Systems
5 Mainframe Applications

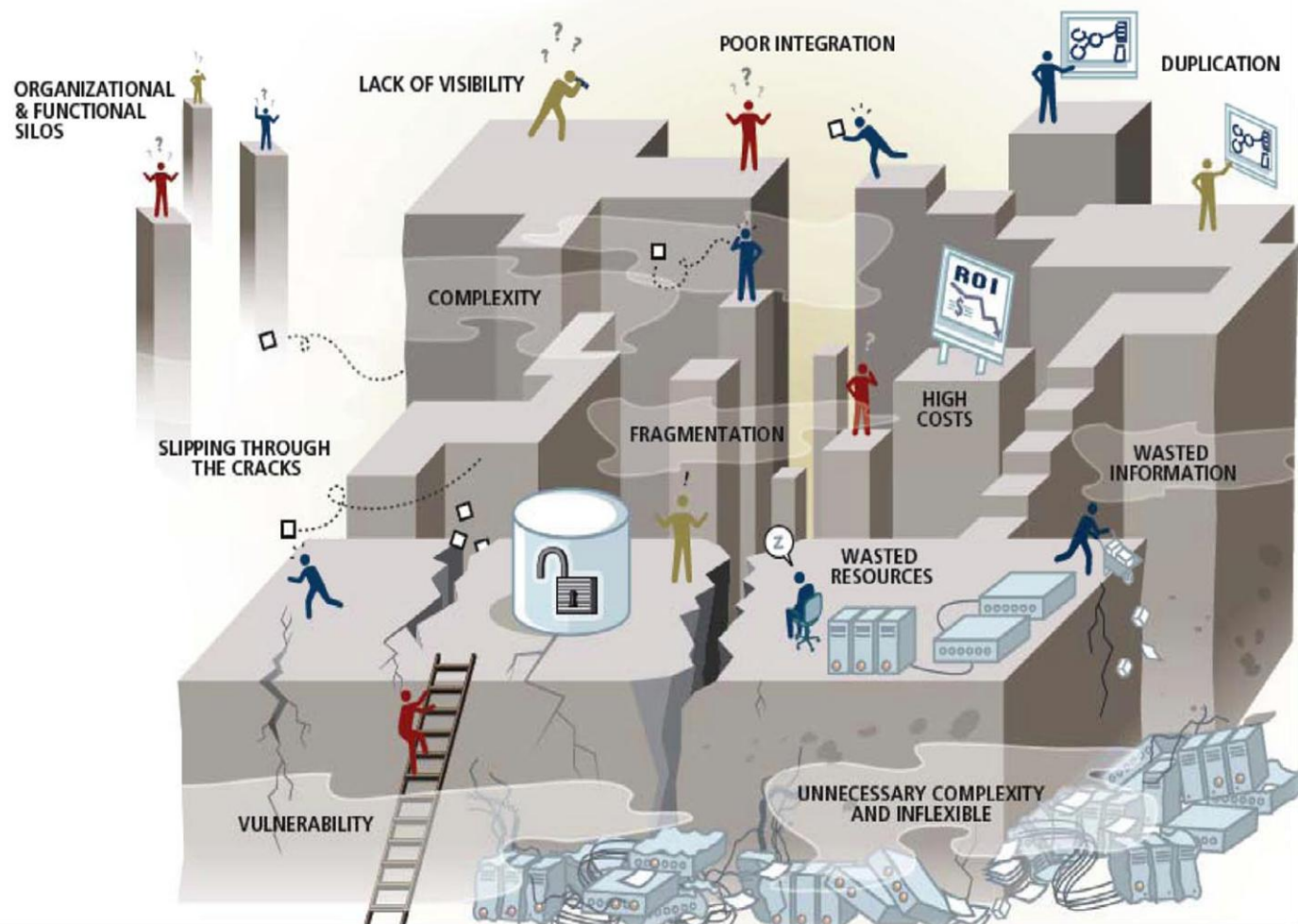4 different HR Systems

1100 Shadow Systems
spreadsheets & databases

Very Labor Intensive

Poor Data Quality

Very Little Integration

Unsupported Technology

Little Real-Time Data

* Graphic courtesy of KEMSA presentation on Scribd

Tangible Benefits

Productivity / Personnel Attrition

Inventory Reduction

Order Management Improvements

Financial Close Cycle Reduction

IT Cost Reduction

Procurement Cost Reduction

Cash Management Improvement

Supply Usage Reductions

PREMIS High Productivity Benefit Estimates	
Estimated Direct Costs Avoided	$2,750,000
Estimated Productivity Savings	$3,000,000
Estimated Annual Benefits	**$5,750,000**

	Broward County Study		C/C Calculations	Current C/C
	Financials	% Op Budget	Per Broward Study	Project Budget
FY 2009 Operating Budget	$2,563,893,501		$1,100,000,000	
Estimated Annual Benefits	$21,587,579	0.84%	$9,261,827	$7,505,900
Estimated ERP Costs	$48,500,000	1.89%	$20,808,197	$18,821,422
Software Costs	$4,900,000	0.19%	$2,102,271	$2,100,000
5 Year Services, Hardware, Hosting, Expenses	$43,600,000	1.70%	$18,705,925	$16,721,422

Intangible Benefits

- Increased Information Visibility
- New Process Enablement
- Citizen and Partner Responsiveness
- Greater Standardization and Flexibility
- Greater Accountability and Transparency to Citizens
- Single Source of Data / Improved Accuracy
- Ability to Grow Efficiently
- Supportable and Upgradeable Technology
- Reduced Training Time
- Greater Employee Satisfaction

5 Year ROI Analysis

		2010	2011	2012	2013	2014	Total
1	Total ERP Costs	$3,930,106	$6,372,208	$5,695,108	$1,412,000	$1,412,000	$18,821,422
2	Total ERP Benefits	$0	$1,501,180	$3,752,950	$7,505,900	$7,505,900	$20,265,930
3	Net Out-of-Pocket / Return on Investment	-$3,930,106	-$8,801,134	-$10,743,292	-$4,649,392	$1,444,508	

Current Activities

- Finalizing the internal project team

- Assembling the external Zanett/partner team

- Ramping up change management services

- Configuring hosting infrastructure

- Securing funding through City/County Council

- Launching Blueprint phase

- Launching COA & vendor consolidation phase

- Conducting HCM phase 1 information meetings

Questions?

ERP Project Team
CCB – Suite 2322

Project Director
Aaron Hood

Communications Manager
John R. von Arx IV

Human Resources Team Lead
Wanlyn Berich

Security & Audit Team Lead
John Crone

Finance Team Lead
Mark McCabe

Technology Team Lead
Rusty Robinson

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Vendor Partners:
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Steve Foshee, Zanett - PM

Internal Advisors:
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Spencer Goodson (OCC)